Alberta weekly economic review

June 29, 2012

Average Weekly Earnings

Earnings growth picks up

After moderating in the first quarter, earnings growth picked up in April. Average weekly earnings rose 1.2% in April to $1,066.83, a level that is 19% above the national average. Compared to April 2011, earnings rose 3.5%, the strongest increase since December and above the average first quarter pace of 2.7%. Year-over-year earnings growth far outpaced consumer price inflation of 0.8% in April, indicating gains in real, or inflation adjusted, average earnings.

Nationally, average weekly earnings were $896.63 in April, up a solid 3.1% higher than a year ago. This marks the largest year-over-year increase in more than a year. Newfoundland and Labrador (6.5%), Saskatchewan (4.0%) and Alberta (3.5%) led the national gains. For the second month in a row, year-over-year growth in weekly earnings outpaced inflation, which was 2.0% in April.

Rigs Drilling

Drilling activity below last year's level

For the second month this year, rigs drilling fell on a year-over-year basis in June. Drilling activity in Alberta's oil and gas industry was down 7.3% from June 2011 on the heels of a 4.5% year- over-year gain in May. Despite the decline, the average number of rigs drilling in the first half of the year remains ahead of the same period last year by 3.5%. Nationally, rigs drilling fell 6.2% compared to last year.

Canadian GDP by Industry

Mining and oil and gas extraction drives April's expansion

Canadian real GDP expanded in April after posting a small gain in March. Real GDP by industry grew 0.3% in April, the largest increase in four months. Mining and oil and gas extraction, which rose 2.7%, was the main contributor to growth, according to Statistics Canada. Other expanding industries included wholesale trade, agriculture, forestry, fishing & hunting, and transportation and warehousing. The overall gain was limited by declines in retail trade, manufacturing, accommodation & food services, and the public sector.

IPPI and RMPI

Industrial prices hold steady while raw materials retreat

The Canadian industrial product price index (IPPI) was unchanged in May, and up only 0.7% year-over-year. The raw materials price index (RMPI) fell 1.0% from April to May and was 9.9% lower than May 2011.

Insolvency Statistics

Consumer bankruptcies decline

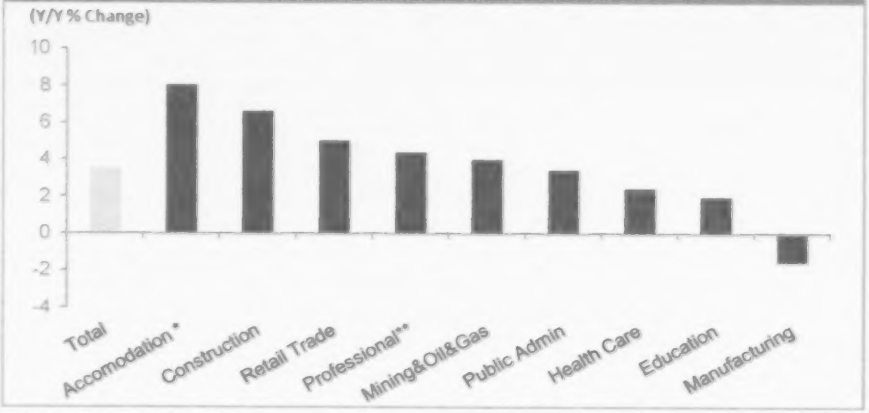
Consumer bankruptcies came in at 523 in April, 18.3% lower than the same month last year. This marks the eighteenth straight month of year-over-year declines. Over the same period, the number of business bankruptcies increased from 17 to 20, although they are still down on a year-to-date basis.

World Economy

Oil price jumps on news from Europe

On Friday, the price of West Texas Intermediate (WTI) oil posted its largest one day gain in more than 3 years, jumping by US$7.27/bbl (9.4%). WTI closed the week at just under US$85/bbl, up from the previous Friday's close of $79.76/bbl, as EU leaders agreed on a strategy to tackle escalating debt servicing costs for Eurozone members.

Average Weekly Earnings Growth by Major Industries



*Accommodation and food services **Professional, scientific and technical services
Source: Statistics Canada

Closing Prices	June 22, 2012	June 29, 2012	2012–13 Fiscal YTD
Canadian Dollar ($US/$CAN)	97.47	95.13	99.95
WTI Oil ($US/bbl)	$79.76	$84.99	$93.35
NYMEX Natural Gas ($US/MMbtu)	$2.63	$2.82	$2.31

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Jan	Feb	Mar	Apr	May	Jun
Population[2] ('000's)	3,721	3,779	3,847	3,816			3,847		
% change	1.3	1.6	2.0	2.0			2.4		
Net Interprovincial Migration[3] (level)	3,271	13,660	22,542	6,010			13,196		
Net International Migration (level)	21,783	18,033	17,506	6,297			9,671		
Net Non-permanent Residents[4] (level)	-125	7,068	5,042	102			2,642		
Labour Market									
Employment ('000's)	2,018	2,095	2,138	2,126	2,126	2,132	2,143	2,153	
% change	0.4	1.8	3.6	3.0	3.8	3.1	2.9	4.1	
Unemployment Rate (%)	6.5	5.5	4.9	4.9	5.0	5.3	4.9	4.8	
Participation Rate (%)	72.8	73.7	73.9	74.1	73.7	74.0	73.9	73.7	
NEW: Average Weekly Earnings ($)	993.26	1,038.69	1,068.02	1,056.05	1,054.80	1,054.38	1,096.82		
% change	4.6	4.6	2.9	2.5	2.4	3.1	3.5		
Price Indices									
Consumer Price Index	1.0	2.4	1.5	2.3	1.9	1.2	0.8	0.4	
Excluding food and energy	0.9	0.8	1.5	1.4	1.0	1.5	2.1	1.6	
Non-Res. Building Const. Price Index[5]	0.1	3.4	4.5			4.5			
Farm Product Price Index	-1.5	17.2	4.1	7.3	3.3	2.0			
Crops	9.7	18.5	3.0	0.6	3.9	4.4			
Livestock	5.7	17.2	10.9	15.1	9.5	5.2			
Household Sector									
Housing Starts (SAAR, '000's)	26.9	25.5	32.3	25.9	31.9	36.1	37.0	31.4	
% change	34.8	5.2	46.9	34.2	41.6	68.4	67.4	25.1	
New Housing Price Index[6]	0.5	0.4	0.7	0.7	0.7	0.8	1.0		
Edmonton	-0.8	0.9	0.9	1.2	0.1	0.8	1.3		
Calgary	1.7	-0.1	0.5	0.1	0.4	0.8	0.8		
MLS Average Resale Price ($ '000's)	350.9	352.7	358.4	343.0	366.5	359.6	362.5	366.2	
% change	3.1	0.5	1.3	2.7	1.2	2.0	1.3	4.3	
Edmonton ($ '000's)	326.5	324.2	332.4	325.2	334.5	331.3	337.3	334.0	
% change	2.3	-0.7	3.1	0.7	4.8	2.8	3.3	4.1	
Calgary ($ '000's)	397.4	401.9	409.8	378.6	410.5	407.8	406.0	414.1	
% change	2.4	1.1	0.1	6.2	0.5	2.4	1.3	2.6	
Retail Sales	6.0	6.9	9.5	11.1	9.2	9.7	7.6		
New Motor Vehicle Sales	9.5	9.6	13.0	23.6	20.6	12.9	1.1		
NEW: Consumer Bankruptcies (level)	8,150	7,029	2,141	747	533	568	503		
% change	-18.4	-13.8	-15.5	10.6	-16.2	-16.5	-19.8		
Business Sector									
NEW: Rig Drilling (level)	207	265	261	401	459	328	141	89	139
% change	61.3	27.9	-8.5	7.8	9.9	-7.5	14.4	4.5	7.5
Goods Exports (customs based)	12.6	18.3	15.9	14.9	17.2	11.3	21.2		
Energy	17.4	19.2	18.5	14.5	17.6	13.2	30.7		
Agriculture	14.3	21.4	22.2	27.4	15.4	26.1	17.4		
Total Farm Cash Receipts (quarterly)	-3.7	16.3	25.3			25.3			
Manufacturing Shipments	11.4	18.0	12.9	14.8	16.3	12.7	7.9		
Wholesale Trade	8.5	16.0	16.8	15.7	16.7	18.4	20.3		
Building Permits	1.3	11.7	16.7	23.4	22.6	36.9	18.5		
Residential	22.4	5.2	22.2	54.3	50.2	21.8	1.5		
Non-residential	-18.3	20.9	10.5	51.7	-52.9	61.6	157.5		
NEW: Business Bankruptcies (level)	376	264	84	30	35	19	20		
% change	6.7	-30.2	-11.6	-33.3	13.6	26.9	17.6		

YTD (year- to- date) represents the change since the beginning of the year compared to the same period in the previous year.

[1]Unless otherwise indicated, all figures are year over year percentage change.

[2]Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).

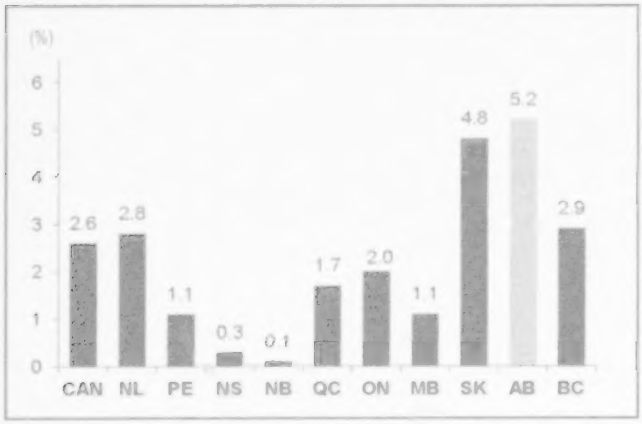
[3]Quarterly average of Calgary and Edmonton.

[4]Average of Calgary and Edmonton.

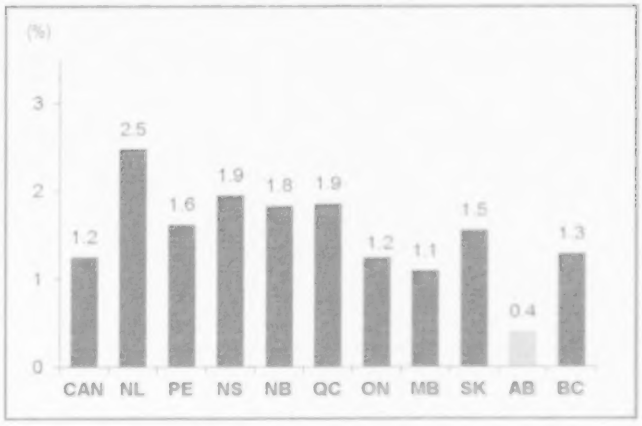
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

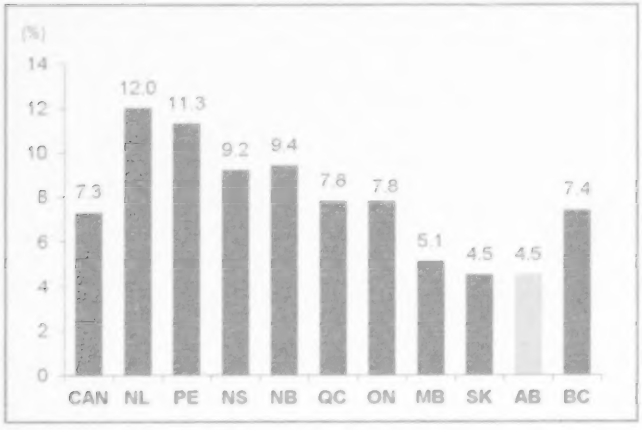
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



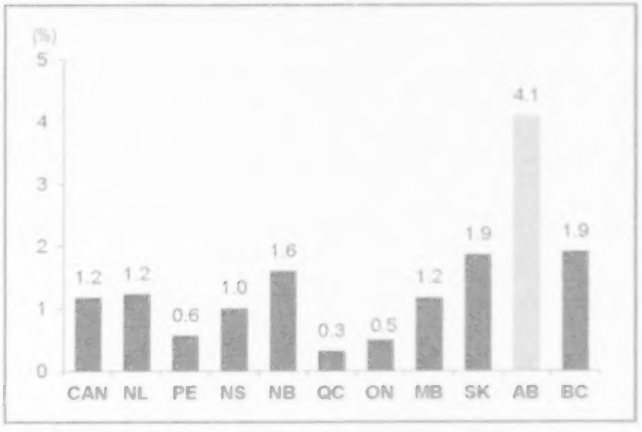
CPI Inflation
(May 2012, year-over-year growth)



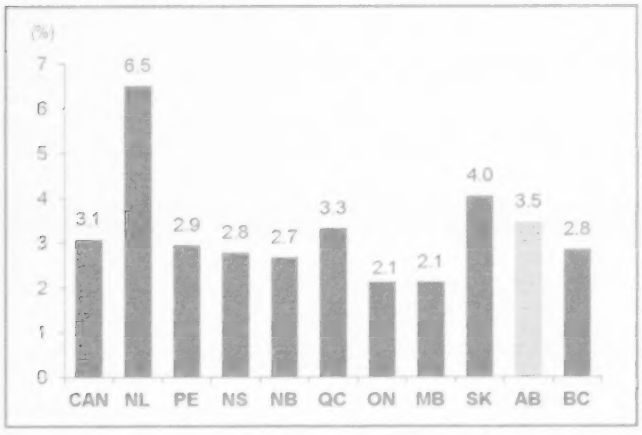
Unemployment Rate
(May 2012)



Employment
(May 2012, year-over-year growth)



Average Weekly Earnings
(April 2012, year-over-year growth)



Housing Starts
(May 2012, SAAR, year-over-year growth)